



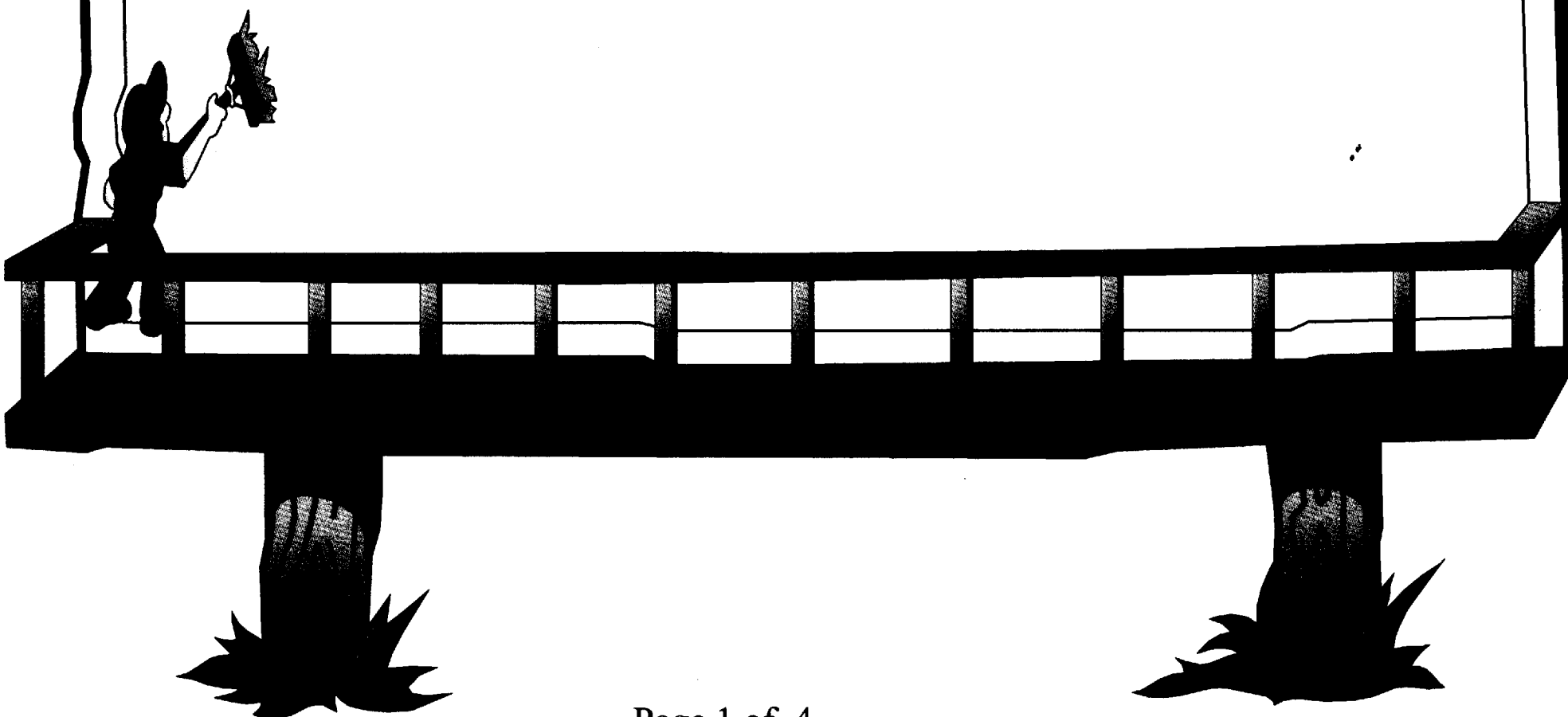
Headquarters Policy Flash

FLASH 2002-42

DATE: December 20, 2002
TO: Procurement Directors
FROM: Office of Procurement and Assistance Policy, ME-61
Office of Procurement and Assistance Management

SUBJECT: **Federal Acquisition Circular (FAC) 2001-10**

SUMMARY: On November 22, 2002, FAC 2001-10 was published in the Federal Register at 67 FR 70516. Contracting personnel should review the details of each item in the full text of the FAC.



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Federal Acquisition Circular (FAC) 2001-10

The following five items are in FAC 2001-10, which was published in the Federal Register on November 22, 2002, at 67 FR 70516. *The effective date of each item is listed in the summary provided.* The FAC is available via the internet at <http://www.arnet.gov/far/facsframe.html>

1. General Records Schedule (FAR Case 2002-016)

Effective Date: December 23, 2002

This final rule amends FAR Part 4, Administrative Matters, to restore the previous language of FAR 4.705-2 prior to its revision in FAC 97-18, published in the Federal Register on June 6, 2000, at 65FR36012. The June 6, 2000, Federal Register change inadvertently resulted in longer record retention periods for contractors and subcontractors. This rule-

- ☛ Revises the subsection title of FAR 4.705-2 to read “Pay administration records” instead of “Construction contract pay administration records” making all record retention requirements in the section applicable to contracts and not just construction contracts.
- ☛ Revises FAR 4.705-2(a) to change from a record retention period of three years after completion of the contract, unless contract performance is subject to an enforcement action, to four years after generation of the records.
- ☛ Provides that compliance with either record retention of three years or four years is acceptable for the period from June 6, 2000, through the effective date of this final rule.

2. Executive Order 13202, Preservation of Open Competition and Government Neutrality Toward Government Contractors’ Labor Relations on Federal and Federally Funded Construction Projects (FAR Case 2001-016) [Termination of Stay of Interim Rule]

Effective Date: November 22, 2002

The final rule terminates the stay and adopts the May 1, 2001, interim rule as final without change. See full coverage of guidance on this subject provided in Acquisition Letter 2002-08, Project Labor Agreements, dated December 2, 2002.

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3. Caribbean Basin Country End Products (FAR Case 2000-306)

Effective Date: November 22, 2002

This is a final rule converting, with changes, an interim rule published in the Federal Register at 67 FR 6116 on February 8, 2002. This rule-

- ☞ Extends the treatment of certain end products, from countries designated by the President as beneficiaries under the Caribbean Basin Economic Recovery Act, as eligible products under the Trade Agreements Act, with exception of end products from the Dominican Republic, Honduras, and Panama.
- ☞ Implement the determination of the U.S. Trade Representative as to which countries qualify for the enhanced trade benefits under the Act.

4. Financing Policies (FAR Case 2000-007)

Effective Date: December 23, 2002

The final rule revises certain financing policies at FAR Part 32, Contract Financing, and related contract provisions at FAR Part 52, Solicitation Provisions and Contract Clauses. This rule-

- ☞ Removes the restriction on use of performance-based payments on fixed-price contracts prior to definitization; and
- ☞ Permits large businesses, in their billings to include certain vendor and subcontractor costs that have been incurred, but not paid, provided that the subcontractor is paid within 30 days.

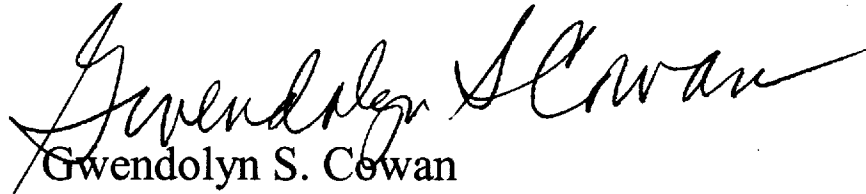
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5. Technical Amendments

Effective Date: November 22, 2002

The amendments update references and make editorial changes to FAR Part 7, Acquisition Planning, and Part 19, Small Business Programs.

Questions concerning this Flash should be directed to Denise Wright at (202) 586-6217 or via e-mail at denise.wright@pr.doe.gov


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